2005 - 2007 Policy and Program Recommendations of Governor's Council on Substance Abuse

Revenue Enhancement Proposal

This proposal was prepared at the request of the Governor's Council on Substance Abuse and does not necessarily represent the official of position of the Governor's Office, the state agencies represented on the Council or the agency or organization that prepared this proposal.

Program: Adolescent Chemical Dependency Residential Treatment Services for Youth with Co-Occurring Disorders

Recommendation Summary:
(Summary description of purpose of proposed enhancement0

- Reduce waiting lists and waiting time for admission of eligible youth who meet medical necessity, have significant mental health issues, and critical chemical dependency treatment needs by providing expanded chemical dependency treatment capacity; and
- Reduce barriers to procuring adequate facilities for treatment expansion by providing funding to build a state of the art facility for up to 48 treatment beds, and to provide funding for contracted capacity for 48 beds for one year, and operating expenses for one year of operation of the new facility. The facility will provide safe, effective services to these youth, while meting all licensing, certification, and Federal Medicaid eligibility requirements in order to match State General funds.

Fiscal Detail *(Provide for each year and for the biennium total operating expenditures, staffing (FTEs) and revenue sources (if known). (Figures in millions of dollars)*

	FY 2006	FY 2007	Total
Operating Expenditures	____	$2.94	$2.94
Costs for land, design, permits, fees, construction and site improvements	$9.0	____	$9.0
Staffing (FTEs)	____	____	____
Revenue Detail (if known)*	____	$2.94	$2.94

*FY 07: DASA contracted 32 Level II beds at $2.47; DASA contracted Recovery House Level II beds at $.35 Assumes 90% occupancy. Revenue includes School District per diem reimbursement for school program ($.075, and OSPI School Breakfast reimbursement ($.045)

Funding sources - State funds for capitol development in FY 2005; state funds for operating expenses in FY 2006; and state funds with Medicaid match on eligible youth for treatment services for FY 2006.

Description of existing program (*Brief description of existing activities as they function and any anticipated changes at the current budgeted level)*

For the current 2003 – 2005 biennium, The Division of Alcohol and Substance Abuse (DASA) has a contracted capacity for 175 youth residential treatment beds throughout the state. The beds are contracted at a number of levels to respond to clinical severity, and at differing rates, which include addressing the needs of youth with co-occurring mental health and behavior problems, security and supervision needs, and recovery house services for youth who have completed intensive inpatient treatment and require additional recovery care in a residential setting. Total contracted funding for youth residential treatment for the 2003 – 2005 biennium is $19,000,000. Residential treatment services have been expanded in a limited manner through the access of Federal Medicaid match funding at residential facilities which comply with the Medicaid rules regarding facility size and design. State funding for youth residential treatment remained at the same level for this biennium as for the previous 2001 – 2003 biennium. The number of recovery house beds for youth is woefully inadequate to provide post intensive treatment recovery environments for youth needing more treatment support, and for those youth who cannot return home due to parental drug and alcohol use, parenting difficulties, abandonment, etc. Number of current recovery house beds for youth for the entire state is 40.

Justification and Impact Statement *(Include reason for the proposed enhancement, impact on clients and services, impact on other units of government, other alternatives explored, future biennia budget impacts, one-time versus ongoing expenditures and costs, and effect of non-funding.*

- **Reason for proposed enhancement**

  - To increase the number of youth residential treatment beds by developing a program and building a facility to meet program needs, and funding the operating and treatment costs for this facility for one year. The number of youth waiting for critically needed residential treatment services continues to be a critical problem. Current contracted capacity for youth residential treatment is insufficient to address the demand and need for treatment. DASA has tracked the waiting lists for youth residential treatment at all contracted treatment levels over the last 2 fiscal years (July 2002 – March 2004). The total number of youth as of March 31, 2004, who have been referred to treatment programs and placed on waiting lists is approximately 150. This does not include many families of youth who did not place their child on a waiting list due to the length of time necessary to find an admission date for treatment. The average length of time to wait for a state-funded treatment bed is 4 to 6 weeks. The clinical and therapeutic window of opportunity to respond to severe symptomology of chemical dependency, youth at risk of self harm, running away, criminal acts, etc. is severely compromised with waiting periods this long. Many youth will not access treatment and end up in street shelters, on the streets, in detention, psychiatric hospitals, and in some cases, may not survive their untreated addiction.

  - The proposal provides a continuum of care of treatment services. The 48 total beds include 32 Level II Secure beds, which will include 16 Diagnostic/Stabilization beds and 16 Intensive Treatment beds, and 16 Recovery House Level II beds. For Medicaid match eligibility requirements, as well as best practice clinical needs, these three modalities will be separate and distinct for purposes of residential sleeping quarters, program services,

staffing, and cost centers. Level II Secure beds are designed for youth experiencing co-occurring disorders, which act as barriers to access, engagement, retention, and successful treatment completion. Recovery House Level II beds are designed to provide an intensive, safe and structured recovery environment for youth completing intensive Level II Secure inpatient treatment, and who do not have adequate home placements.

- Reduce barriers to expanding capacity by building a facility that meets clinical, financial, community placement, and licensing requirements: Finding contracted providers who are able to secure buildings that are able to be licensed, counter "not in my backyard" issues, remodeling, upgrades, Department of Health, and fire marshal approval and licensing requirements, etc., is a huge barrier to expanding capacity. It is often less expensive to design and build a suitable facility than it is find and extensively remodel an existing facility. DASA's experience in recently opening two youth facilities has resulted in up to one year of building and licensing efforts, which delays bringing new treatment beds on line. This is often due to the age of the facilities, which programs are forced to deal with, and the needed health and safety upgrades which are very costly. In order to utilize Medicaid match dollars to expand State funds, facilities must meet the 16 bed or less facility and program requirements for Medicaid programs. In the proposed 48 bed facility, this requires three distinct residential and program services divisions. It also requires separate staffing assignments. Current contracted youth providers may have available capacity per DOH above what DASA contracts for, but due to difficulties with the rates that the State pays, these available beds are used for higher rate private pay clients. These providers have not been interested in contracting for more beds at current reimbursement rates.

- **Impact on clients and services expanded** Inpatient and Recovery House capacity will reduce number of youth and families on waiting lists, and reduce the wait time for treatment admission for those in critical need. Will reduce dropouts from those waiting for services. Reduces barriers to engagement and retention by reacting sooner to immediate crisis. Increased recovery house beds will assist youth who might return to unsupportive and abusive home environments, and increase chance for longer-term recovery and improved living situation. Will assist in improving treatment completion and subsequent recovery rates. Reduces need for other state funded services including expensive psychiatric hospitalization, juvenile justice institutional costs, and reduced criminal activity, better school performance, improved family life, and increased chance for youth to become employed and less dependent upon state resources. Assuming an average length of stay of 45 days, program at full occupancy would serve approximately 390 of youth who are indigent, low-income, and in most critical clinical need of intensive treatment services.

- **Impact on other units of government -** Increased capacity will respond to referrals of youth at risk from other DSHS systems, including DCFS Becca, at-risk youth, mental health at-risk youth, juvenile justice referrals, and school based referrals, etc. This may result in lower costs to these other systems due to responding to primary chemical dependency and mental health issues as a primary issue in a program and facility designed for this purpose.

- **Other alternatives explored -** Youth being served at a less intensive level of care, for example outpatient, are often are not unsuccessful. These youth drop out of treatment and may end up in more costly systems of care. Trying to expand capacity by trying to get treatment providers to find and upgrade their own facilities is risky, costly, time consuming, and often not possible in the current economic climate. Building a facility which will be owned by the State and leased to a contracted provider will get critically needed treatment services on line in a much shorter period of time.

- **Future biennia budget impacts -** Once the building is constructed and completed; DASA/DSHS will lease/rent the facility to a contracted provider that meets all requirements for being a Level II Secure treatment provider. This cost would be very minimal. (For example, $1.00/year) Future costs would assume funding for 32 Level II Secure treatment beds at $188.68/day, and 16 Recovery House Level II beds at $128.40/day. Approximate future cost per biennium for treatment services: $5.9 million. Will include Federal Medicaid match for as much as $2.6 million of the estimated $5.9 million. Note: daily bed rates are at FY20 04 levels. Due to reduced facility costs for providers leasing this building, contracted rates for services provided in this proposed state-owned facility may reflect a differential reduction compared to rates contracted with privately owned facilities.

- **One time versus ongoing expenditures -** FY 2005 costs for land, construction for permitting and securing of property, and constructing the building are one-time-only costs. FY 2006 operating costs are one-time-only for first year program development and implementation. FY 2006 contract for 48 treatment beds would be on going.

- **Effects of non-funding**

  - The clinical and therapeutic window of opportunity to respond to the severe symptoms of chemical dependency, youth experiencing risk of self harm, running away, criminal acts, etc. is severely compromised with long waiting periods for critical, medically necessary treatment services. Many youth will not access treatment and may end up in crisis residential programs, shelters, on the streets, in detention, psychiatric hospitals, and in some cases, may not survive their untreated addiction.

  - The number of youth on waiting lists needing critical treatment services will increase.

  - DASA will continue to experience difficulty in procuring providers to develop, purchase, lease, and remodel and upgrade facilities to contract for expanded youth residential treatment capacity. In order to obtain Medicaid match funding, the Medicaid Institution for the Mentally Disabled (IMD) exclusion requires separate and distinct sleeping areas, program service areas, staffing, and cost centers.

Proposed Implementation Plan

FY 2006: secure land, permits, architectural design, site development, and construction of 48 bed building.

FY 2007: Contract for 48 treatment beds, provide for operating costs for implementation of program.

Performance Measures and anticipated outcomes
What are the expected outcomes from this proposal? Include specific detail for the outcome measures that will be used to assess the effectiveness of the enhanced services.

DASA expected outcomes would include closing the gap between treatment need and provision of services. DASA will require contracted treatment service provider to document treatment completion, engagement, and retention measures and quality improvements to affect these measures. DASA will also document reductions in waiting lists for youth with critical treatment needs. Using the DASA MIS TARGET system, demographic data and level of clinical need will be documented, as well as reductions in criminal activity and arrests, drug and alcohol use, use of psychiatric hospitalization, and other medical services, improvements in school, home, and emotional functioning. DASA will also document cost savings, reductions in length of time to get expanded treatment beds on-line for actual admissions of youth in critical need on waiting lists.

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